



The World Bank

Procurement Policy Review

Feedback Summary: Consultation with Multi Stakeholders

Date: September 13, 2012
Event: Procurement Consultations in Paraguay
Venue: WB Premises Asunción, Paraguay
Total Number of Participants: 16

Overview and General Reactions

- The consultation was carried out for about three hours in the World Bank's Country Office, and gathered representatives from the private sector, public institutions, WB PIUs and Civil Society. The complete list of participants can be found at the end of this document.
- The main suggestion that was discussed during the session was the one related with use of National Systems for small contracts, while maintaining the use the Bank's Guidelines for large contracts (mainly infrastructure Works).
- It was suggested the revision of ICB thresholds for Works, and the threshold for the Consultant's Short Lists comprised entirely by national consultants.
- All the participants were very enthusiastic with the idea of taking part in this process, and suggested to continue having this kind of opportunities in the future in order to stay connected with the Bank, and have the opportunity to provide their inputs.

Specific Feedback from Stakeholders

1. The analysis presented in the Initiating Discussion Paper captures the key issues and concerns that should be addressed in the review. Are there other challenges which the review should try to address?

- **Geographic spread in Consultants Short List:** The participants expressed a general concern about the geographic spread requirement in consultant's short lists. Some of them explained that given the fact that most of the processes are awarded to local companies, the policies on international participants in a short list is useless in a country like Paraguay. They also highlighted the idea that they end up looking for foreign partners only to meet the formal requirement but the final task is actually performed by the local firm.
- **Evaluation criteria:** The participants detailed some inconveniences on the way the evaluation criteria for Works contracts are currently being applied. They explained that some of the bidding processes include requirements that are only met by international firms, leaving behind the expectation that local firms have.

On that line, the participants mentioned that some procurement processes include requirements that are not necessarily related to the type of job which will be performed, on the other hand, it was also recognized that there are not enough high profile professionals for really complex tasks.
- **Consultant's Short Lists:** The revision of the need of Short Lists in consultancy processes was raised as an important topic to be considered in the reform, although, one of the participants highlighted the importance of having a Short List, given the fact that companies spend a lot of time and resources preparing their proposals, and therefore, it results more efficient and effective to preselect a small number of capable firms, instead of having an open process; although they all agreed on the idea of having a more formal and objective process to conform a Short List.

2. Taking into account the new concepts of public procurement and the broader context of public sector management best practices, what type of changes should the Bank take into consideration in modernizing its procurement policies?

- **Geographic spread in Consultants Short List:** The participants suggested reviewing this requirement in order to allow more participation of local firms, encouraging in this way the development of the local industry.

One of the participants disagreed on this idea, mentioning that processes should not be closed to local companies, as local

	<p>firms do not always meet the requirements, and giving preference to local firms would end up developing less competitive companies.</p> <ul style="list-style-type: none"> • Thresholds: The participants suggested the revision of ICB thresholds for Works. They explained that international bidders are usually interested in projects over US\$ 5-7 million. They also suggested increasing the threshold for Consultant's Short List comprised entirely by national consultants. • Contract management: They all agreed that the Bank should take into consideration that Procurement is part of a more comprehensive process, and therefore the procurement area of the PIUs should be fully integrated to the rest of the project; otherwise, the different compartments will not be able to coordinate between themselves. • Qualification criteria: They emphasized that the Bank should look closer into technical specifications, given the fact that many qualifications required in the bidding documents exceed the actual needs for the job, and are not aligned with market trends.
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3. In light of various levels of risk and capacity among borrower agencies, how can the Bank best ensure that funds provided by the Bank are used for the purpose intended?

	<ul style="list-style-type: none"> • PIU's Capacity Assessment: Representatives from the Ministry of Economy emphasized the need to assess properly the capacity of each PIU. They mentioned that some of the issues that arise during implementation could have been detected with a more realistic approach during the evaluation phase. <p>On top of this, an ineligibility of expenditures declared by the Bank as a result of a post-review exercise has a negative impact on the Government's budget, and the participants considered that it can be avoided with better previous assessments.</p> <p>On this context, it was proposed having more and better oriented training events on procurement issues. Other participants suggested a wider use of local rules, which are the ones that PIU's staff are already familiar with; if so, they would not have to be proficient in different procurement policies.</p> <ul style="list-style-type: none"> • Request for Proposals: The participants considered that, for the case of Consultants, the key to assure that funds are used for the intended purpose, is to assure that the Requests for Proposals used in the selection process are well designed, and do not include requirements that seem oriented to a specific firm.
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	<ul style="list-style-type: none"> • Integral process monitoring: Some of the participants discussed about the need to monitor the whole process, instead of looking only at the procurement phase; in this sense, it was suggested that contract execution, timing and costs management should be also considered when evaluating a particular process. • Quality focus: Some of the participants agreed on the fact that quality should be the main aspect of the evaluation in order to assure that the final results are in line to what was initially intended.
<p>4. Initiating Discussion paper highlights the multiplicity of demands and contexts procurement in serving today – diverse sectors, instruments, delivery mechanisms and clients with varying institutional frameworks and governance conditions. What recommendations could help the Bank best tailor its procurement requirements to meet these diverse and varying demands and needs?</p>	
	<ul style="list-style-type: none"> • Knowledge exchange: In order to enable the Bank to have a better analysis of the local context, one of the participants suggested the development of regular discussion workshops. These activities would allow the exchange of best practices, implementation problems and promote the communication among different sectors. • Harmonization of qualification criteria on public works: The representative of the Construction Chamber mentioned that they are already organizing a discussion with the government to harmonize the qualification criteria on public works. He suggested including the Bank on this conversations.
<p>5. What could the Bank do to simplify and streamline its current policies and to take advantage of the potential gains offered by e-procurement and IT-based tools.</p>	
	<ul style="list-style-type: none"> • E-procurement: Participants were introduced to the fact that Paraguay is the fifth country to have its e-procurement system adopted by the Bank. They all agree that this is a very good initiative in the use of country systems, and that the Bank should consider using the e-Procurement system in a wider range of processes.
<p>6. International consensus calls for use of country systems and harmonization among development partners. What can the Bank do to advance the use of country systems and harmonization among partners?</p>	

- **Protest Mechanism:** The participants considered the local complaint mechanism is very clear and well accepted by all the involved parties, while the complaint mechanisms included in the Multilateral Organizations policies are unclear. Suppliers and PIUs do not know whether to appeal at the Bank or at the National Procurement Office. Most of the participants agreed on the fact that complaint mechanisms should be clearer to bidders. Representatives from the Ministry of Economy expressed their concern of having different complaints mechanisms in place that could result in higher costs for the country.
- **Country systems:** In general, the participants prefer to use the Country System over the Bank's due to the fact that having different rules could end up in misinterpretation of the procedures, and causes a lot of confusion, especially for small and low capacity Executors. However, one of the participants highlighted the fact that there are many good practices that the national system could benefit from Multilateral Organizations, and that the national system should not be adopted just because it is the one they know.

Besides from that, the mentioned that every PIU ends up hiring procurement consultants specialized in each of the Multilateral Organizations' Procurement Guidelines, which has a negative impact on the PIU's operating costs. A full-fledged harmonization process, or the adoption of the local procurement system, could avoid this.

Based on this analysis, the participants agreed on the idea of using the national system for small contracts and applying the Bank's Guidelines for larger contracts (mainly ICB of infrastructure Works).

- **Capacity Assessment:** Some of the participants warned that eliminating the Bank's Guidelines, or making them more flexible, would give the PIUs more autonomy, therefore, it would be very important that the Bank could precisely assess whether a particular PIU is capable to take this responsibility, and distinguish those PIUs that are able to manage more responsibility than others.

7. What suggestions do you have to monitor and evaluate the Bank's Procurement policies and assess their impact and effectiveness?

	<ul style="list-style-type: none"> • Public information: Representatives from the Civil Society discussed about the need to strengthen the access to public information. They described the fact that there were several initiatives to monitor public procurement processes but they were mitigated by the lack of information. • Control Organisms: They agreed on the importance of strengthening the capacity of the Control Institutions which are the ones responsible to monitor procurement processes at the local level. These entities should control not only the procurement phase, but also look after what happens when contracts are executed. • Civil Society involvement: One of the participants explained what the Comptroller’s Office is doing to involve Civil Society on the control of public procurement. He described that they are currently training local people from different municipalities, so that they can understand how the process works, and how to make the necessary complaints when appropriate.
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8. Do you have other suggestions to help the Bank develop a proposal for a new policy framework and guiding principles for revisions to the Bank’s procurement policies?

	<p>In summary, the participants agreed on the use of Country Systems up to a certain level of complexity and estimated cost, while maintaining as mandatory the use of Bank’s Guidelines, although, the Guidelines should be more flexible in order to respond to the particular needs of certain processes.</p>
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